

**SECRET**

21 February 1963

**SUBJECT: Availability of Arms in Mexico**

1. The Mexican Ministry of Defense has a Department of Military Industry which provides a substantial and increasing part of the arms and munitions needs of the Mexican armed forces. Three new production plants, estimated to have cost \$2 million and using French and West German arms manufacturing equipment, were opened in November, 1962. When in full operation they are designed to supply the basic requirements of the Mexican Army for small arms and munitions and to reduce dependence on imports. Arms and ammunition are also purchased by the Mexican government in the United States and Western Europe.

2. There has long been illicit arms trading in Mexico with supplies from widely varied sources, including some stolen from Mexican armed forces stocks. The use of Mexico as a traditional haven for Latin American political exiles, the country's rugged geography, and the venality of poorly paid military personnel have helped the trade. The arms to which the Director of Central Intelligence referred on 19 February as having been bought with Cuban money for the Guatemalan guerrillas, were obtained not from the Mexican Government itself but through one of these illicit channels.

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